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***Insurers Rebut Wildly False Claims About Policy Cancellations***

***Fire Victims' Policies Will Not Be Cancelled—It is the Law***

**October 25, 2007 (Sacramento):** The tragic fires in Southern California have devastated many lives and caused suffering and losses in many ways never experienced in the Golden State.

Unfortunately, a number of people, including some politicians and others claiming to represent the interests of consumers, are exploiting this disaster by telling people that policies are going to be cancelled – even though they know full well that a law is in place to address the issues of cancellation and nonrenewal.

Besides that, there is no history of widespread non-renewals, as evidenced by data produced by the Insurance Information Network of California detailed in a chart at Item I below.

Fire victims need to know that, despite assertions made by some to the media, **policies will not be canceled as a result of a claim**. It is prohibited by law (AB 2962-Pavley: Chapter 357 of the 2004 Statutes) for an insurer to cancel a policy prior to reconstruction and an insurer must offer to renew the policy immediately following a disaster.

Additional laws were enacted (noted in Item II below) following other large fires in 2003 and 2004 to protect consumers – laws that insurance companies adhere to closely to protect and serve their customers when tragedy strikes.

The multiple locations of the fires and the massive evacuations have challenged the insurance industry response like never before. To meet the needs of victims, companies are out in force throughout Southern California – at evacuation centers, with mobile units, and agent offices open for business and making calls to clients. The industry has

thousands of people deployed – many being reassigned from out of state – to be available to help victims.

Instead of fear mongering, those spreading mistruths should be truly helping victims by telling them how they can best begin the process of recovery, which begins with contacting their insurance company.

**Victims should contact their agent or representative** the first time they have the opportunity to do so. If they don't have information on their individual agent, they should contact their company claims line from the list that follows in Item III.

We hope that all news outlets will include this information in their daily broadcasts and on their websites so that people know the truth about the laws in place to protect them and how to make contact with their company to begin the recovery process.

## **I. Non-renewal Statistics from the Insurance Information Network of California**

Year	Policies	Non-Renewals	% Non-Renewals	Market Share %	Written Premiums
2001	5,263,877	24,841	0.47	67.80	\$2,707,909,208
2002	5,142,260	44,968	0.87	67.30	\$3,071,311,929
2003	5,045,208	42,393	0.84	64.15	\$3,408,810,664
2004	5,155,360	34,938	0.68	63.40	\$3,716,888,002
2005	5,284,951	34,798	0.66	63.79	\$4,021,745,461

## **II. Laws passed in 2004 and 2005 to address issues related to disaster preparation and insurance issues following disasters:**

### **2005**

**SB 2 (Speier) – Homeowners' Insurance: Valuation: Continuing Education. Chapter 447 of the 2005 Statutes.** Provides that if a state of emergency has been declared, coverage for additional living expenses (ALE) shall be for a period of 24 months. Requires an insurer to provide a claimant for ALE with a list of items the insurer believes may be covered.

### **2004**

**AB 2199 (Kehoe) – Fire Insurance: Indemnity. Chapter 311 of the 2004 Statutes.** Requires payment of the replacement cost for a loss, the measure of indemnity in fire insurance is the amount that it would cost the insured to repair, rebuild or replace the thing lost or injured, without a deduction for physical depreciation. Allows at least 12 months to rebuild and still receive replacement costs, with opportunity for a six-month extension, and no less than 24 months in the case of a declared disaster.

**AB 2962 (Pavley) – Fire Insurance: Valuation of Loss. Chapter 605 of the 2004 Statutes.** Following a total loss, insurers are prohibited from cancelling a policy prior to reconstruction and are required to offer to renew the policy immediately following a disaster.

**SB 64 (Speier) – Homeowners’ Insurance. Chapter 357 of the 2004 Statutes.** Expands the CDI’s mediation program to include claims from residential property insurance losses resulting from declared states of emergency.

**SB 1855 (Alpert) – Homeowners’ Insurance: Liability Limits: Disclosure. Chapter 385 of the 2004 Statutes.** Modifies the California Residential Property Insurance Disclosure Form insurers are required to provide to policyholders. Adds a new disclosure requirement known as the California Residential Property Insurance Bill of Rights.

### **III. Insurance Company Toll-Free Numbers for Fire Victims to Contact:**

- Allied (800) 282-1446
- Allstate (800) 547-8676
- American International Insurance Company of California (888) 760-9195
- Amica Mutual Insurance Co. (800) 242-6422
- Armed Forces Insurance Exchange (800) 255-0187
- Balboa Insurance Group/Balboa Insurance Company/Newport Insurance Company/Meritplan Insurance Company (888) 768-2096
- California Casualty (800) 800-9410
- Century-National Insurance Co. (800) 733-1980
- Chubb (800) 252-4670
- Civil Service Employees Insurance Company (800) 282-6848
- CNA (877) CNA-ASAP (262-2727)
- Electric Insurance Company (800) 227-2757
- Farmers (800) HelpPoint (435-7764)
- Fireman's Fund Insurance Company (888) FIRE-HAT (347-3428)
- GeoVera and GeoVera Specialty Insurance Company (800) 631-6478
- Grange Insurance Association (800) 247-2643
- IDS Property Casualty Insurance Company (Ameriprise) (800) 872-5246
- Liberty Mutual Insurance Company (800) 243-9801
- Lincoln General Insurance Company (866) 262-0232
- MetLife Auto & Home (800) 854-6011
- Nationwide/Allied (800) 282-1446
- Oregon Mutual (800) 888-2141
- Pacific Select (800) 828-3003
- Progressive (800) 776-4737
- Safeco (800) 332-3226
- State Farm (800) SFCLAIM (732-5246)
- USAA (800) 531-8222
- Western Mutual Insurance Company and (800) 234-2103  
Residence Mutual Insurance Company
- 21<sup>st</sup> Century (800) 322-8200